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# EAVES DROPPING

This month's newsletter is going to be looking at the construction sector and the expected increase that will occur in May. We also take a glance at what trends are happening in the tile industry, and lastly we learn an interesting fact about how PPC cement could have made you and your family very rich.

## Glimmer of Hope for Construction Sector

A large year-on-year decrease is expected for April as many building contractors will have a mini-shutdown between Good Friday and Workers' Day, similar to their December closure, but May should see an increase. This suggests that demand for cement and the outlook for the construction sector, which has been shedding jobs, may show modest improvement.

Annual cement sales peaked in 2007 at 14.1 million tons before declining by 4.6% in 2008. The global financial crisis resulted in a further 12.5% slump in 2009 before the decline eased to a 7.8% drop last year. The real value of building plans passed rose by a massive 36% y/y in January 2011 after declining by 8.5% in 2010.

This data only applies to building plans passed in municipal areas, so major capital expenditure, such as power stations and dams, which are large users of cement, are excluded from the data.





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Residential plans passed rose by 0.3% in 2010, while plans for additions and alterations increased by 5.1%, but the biggest impact has been in the volatile non-residential building plans passed, which fell by 36%. In January 2011, non-residential building plans soared by 207.3% y/y, while additions and alterations increased by 5.1% y/y, but residential plans fell by 4.5% y/y.

Real fixed capital spending inched higher in the final quarter of 2010 and this was the third consecutive quarter of slow but positive growth in this demand category. This followed five quarters of contraction.

In the final quarter of 2010, public corporations such as Eskom and Transnet raised their capital outlays, resulting in a rise in construction spending in the electricity and transport sub-sectors. Private business enterprises also increased their real fixed capital formation marginally, notably in the mining and communication sectors.

By contrast, there was a slight contraction in real capital expenditure by general government over the period, which was the eighth successive quarterly decline in government capital expenditure. Real capital expenditure by the government in the fourth quarter 2010 was 18.3% below its fourth quarter 2008 peak.

The CW Group, based in the US, said in its latest research report on the cement facilities of Africa, that total cement capacity in Africa reached 207 million tons in 2010 with more than 190 functioning production units, about a quarter of which were integrated cement production units.



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The global cement majors, including Lafarge, Holcim, HeidelbergCement, and Italcementi, controlled about 45% of the installed nameplate capacity. North Africa remains dominant in production capacity, representing 55% of the total cement output potential. Several new additions have been seen in West Africa, which raised its share to almost 20%.

*[www.thenewage.co.za](http://www.thenewage.co.za)*

## Latest bathroom tile trends

According to Jasmin Kraneveldt from tile and sanitaryware suppliers, Bathroom Bizarre, when remodelling one's bathroom, tiles should become first choice for floor and wall covering.

“Available in a wide variety of styles, sizes, designs and textures – tiles give bathrooms a well finished and aesthetically pleasing appearance. They are also the most practical solution for wet areas as they are waterproof, easy to clean, exceptionally durable and able to cope well in high traffic areas.”



- **Nano technology**

Glazed ceramic and glazed or polished porcelain tiles are an especially popular choice, she says: “The most practical option for bathrooms; glazed ceramic or porcelain tiles are resistant to water, moisture and stains. They are also available in the widest variety of colours and designs, are very durable and long-lasting, and they are generally easier on the pocket than other options. However, until recently, the use of polished porcelain tiles had a very limited use in bathroom areas because their smooth, high gloss, polished surface made them exceptionally slippery when wet.”

The above dilemma was recently resolved with the introduction of Nano pre-sealed technology. Kraneveldt explains: “Nano technology is a great new innovation in tile



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manufacturing that can make a really big difference to the functionality and appearance of a tile. The end result is achieved by applying the lightest and strongest organic Nano particles, which can be compared to a type of wax, onto the surface of polished porcelain tiles.

“A process called plating is used to ensure that these particles are evenly spread on the tile’s surface, which is applied using high pressure sanding and polishing. The plating process is repeated a number of times until the Nano organic particles eventually combine with the surface of the tile to form an organic Nano film that is lustrous, exceptionally dense and durable,” explains Kraneveldt.

- **Size and design**

Large format tiles remain a firm trend, says Kraneveldt: “Large tiles are great for design as they leave less grouting lines, and hence, offer a smoother and more streamlined end result. Nano technology is an especially welcome trend with regards to large format tiles, as now, homeowners can use matching large polished porcelain tiles throughout their homes, even in the bathroom and shower rooms, for a seamless and free-flowing look.”

She notes that the introduction of colour and design is another growing bathroom tile trend: “Although neutral, earthy tones remain the most popular choice, consumers are becoming increasingly more adventurous with colour, designs and textures. Using a lot of colour or intricate designs in one enclosed space can be overwhelming, but adding a touch of colour or design in the form of a border or a tiled feature wall for example, is an affordable and effective way of adding some visual interest to your bathroom composition.”



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- **Organic inspirations**

The organic influence in design and the choice of materials is still one of the greatest design trends in the bathroom. “Many homeowners would like to use more natural-looking materials in their bathrooms, such as including wooden floors, or sandstone cladding on the walls.”

*www.property24.com*

## **Little titbit**

In its annual report 2010, PPC was proud to report it has given shareholders an annual average compounded return of 13,3% for 100 years. Had you invested R100 when the company listed in 1910 and reinvested the dividends, you would now have R26 million. (What were our grandfathers thinking?)

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